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WCRX - Q3 2011 Warner Chilcott PLC Earnings Conference Call

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PRESENTATION

Operator



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Good day, ladies and gentlemen, and welcome to the Warner Chilcott announces third-quarter 2011 financial results conference call. (Operator Instructions). As a reminder, today's conference call is being recorded.

I'd now like to turn the conference over to your host, Mr. Paul Herendeen, CFO. Please go ahead.

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Thank you, Allie, and good morning, everyone, and thanks for joining our call. Earlier this morning, we issued a press release that details our third-quarter results. The press release is available on our website, if you haven't already seen it.

Roger and I will take a few minutes to give a general business overview, and we'll review the third-quarter 2011 financial results, which will be followed by a Q&A period.

Before we get started, let me point out that this call will include forward-looking statements. These statements are subject to a number of risks and uncertainties that could cause the Company's actual results to differ materially from such statements. These risks and uncertainties are discussed in our 2010 Form 10-K and other filings which are available on the SEC's website.

The forward-looking statements made during this call are made only as of the date of this call, and the Company undertakes no obligation to update such statements to reflect subsequent events or circumstances.

In addition, we will make reference during the course of the call to non-GAAP financial measures as defined by the SEC. In accordance with SEC regulations, we have provided reconciliations of these measures in our press release issued this morning to what we believe are the most directly comparable GAAP measures.

With that, let me turn things over to Roger Boissonneault, our President and CEO.

Roger Boissonneault - Warner Chilcott plc - President and CEO

Thanks, Paul. We spoke last time about expectations for the business moving forward. I want to reassure all of you, as we speak, we have a team in place to meet those expectations. And since we last spoke we are seeing indications that we are moving in the right direction.

For example, commercial managed-care and Medicare coverage for ATELVIA has improved significantly over the course of 2011, and we are now approaching levels similar to ACTONEL. We believe this coverage, coupled with improvements in execution by our sales leadership and our individual sales reps, are creating momentum in that franchise.

Since we last spoke, the FDA held its bisphosphonate panel. While the panel voted for an update to bisphosphonate labels regarding duration of use, we still do not know the final outcome. Some of the takeaways from the panel seem to be positive for ATELVIA and the ACTONEL products. First and foremost was that bisphosphonates are an important category for the treatment of osteoporosis.

Second was that the FDA invited speaker chose to call out the difficulty of fasting for patients, which we couldn't agree more with.

While the overall bisphosphonate market in the US continued to decline by more than 20% year over year, the good news is that the generic share of new prescriptions is not growing. Paul will talk about this in a few minutes.



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While LOESTRIN growth has been good and unlike recent publicity associated with new progestins, LOESTRIN focuses on the estrogenic component. Over the course of the third quarter, new RXs increased 68% and total RXs increased 102% based on IMS data.

In addition, while I can't or won't get too deep into the details of our pending litigation matters, we did recently receive good news in our patent litigation with Roxane when it had informed us that it will no longer be pursuing marketing approval for its generic version of our Asacol 400 milligrams product and that a trial is no longer necessary. The court in the case has ordered the party to define a joint stipulated dismissal by early November.

Last and importantly, since we last spoke, we've had some positive developments with our DORYX franchise. We received approval for and launched an improved version of our DORYX 150 product, a dual score DORYX 150 that provides patients and physicians with improved dosing flexibility. We will also continue to defend the 161 patent that protects the DORYX franchise.

So, in summary, since we last spoke, we have had several positive developments and we continue to be in a strong position with a solid portfolio of marketed products. We generate significant free cash flow, which provides us with options to continue to create value for our shareholders.

To date this year, we have chosen to voluntarily prepay debt aggressively. As we reduce our debt, we increase our unused debt capacity, which helps us to maintain ready access to capital to fund strategic business opportunities as they arrive. We have the capabilities to both pursue external opportunities as well as to internally develop new and improved products to sustain and grow our company for the longer term. We remain confident in our future prospects.

Let me turn it back over to Paul to cover some of the financial highlights of our third quarter.

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Thank you, Roger. And turning to our Q3 results, trying to give you some texture that's not necessarily there in the press release and what you will see in the MD&A, in our 10-Q.

We had a solid quarter as we continued to drive sales gains in our key promoted brands versus the prior-year quarter, and we had strong cash net income as well.

At the top line, compared with the same quarter in 2010, net sales of our oral contraceptives, LOESTRIN 24 and LO LOESTRIN, which we launched in January, together grew 50% compared to the prior-year quarter.

ASACOL grew 5% compared to the prior-year quarter. ESTRACE Cream, 18% versus the prior-year quarter. ATELVIA, which we launched at the beginning of the year and ENABLEX, which we acquired in Q4 of last year contributed revenue growth as well.

As has been the case since our acquisition of PGP, the good things going on with our key promoted brands were masked by the continued and expected erosion of ACTONEL, which is not a promotional priority for us in the United States.

ACTONEL revenues outside the United States declined approximately 37% due to the loss of exclusivity in Western Europe and declined 38% in the US where the market continues to contract and market share continues to move away from our brand.

If you thought about our revenue as being comprised of two streams, so our total revenue as being comprised of two streams, that's global ACTONEL revenues and everything else, the ACTONEL piece was down 38%, while the rest of our business, which is comprised of those key promoted brands, grew 12% compared to the prior-year quarter.



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I want to make what I believe is a very important point. Just as we do, you should expect ACTONEL to continue to erode outside the United States and to decline in the US. Unless and until units in the US bisphosphonate market stabilize, there is no reason to expect things to change for ACTONEL in the US. And the erosion trend for ACTONEL outside the US is expected to continue and is reasonably predictable. So you should bake those expectations into your thinking about our revenue trajectory.

And here comes the important part. While the expected revenue trajectory is not attractive for ACTONEL, our aggregate expected profits from ACTONEL over the next five years are sizable. And I'm talking about in the hundreds of millions of dollars. Those profits just happen to be attached to a declining revenue stream.

Below the revenue line, our adjusted gross profit margin as a percent of total revenue was 87.6%, which is essentially flat when compared with last year.

SG&A expenses in the quarter were \$218 million, which was down \$33 million from the third quarter of last year. And that was driven mainly by lower G&A expenses compared to the prior-year quarter, which included consulting, integration, and transition service fees related to the PGP Acquisition.

In the current quarter, we benefited from the updated and favorable estimates of our expenses for the Puerto Rican excise tax for 2011 and an updated estimate of our liability for the health-care reform user fee for 2011, as well as favorable movements in currency exchange rates.

While our reported G&A for the quarter was \$56 million, you should expect our ongoing and normalized level of G&A to be closer to \$70 million.

R&D in the quarter was roughly \$25 million and includes the costs of all the projects to maintain our internal R&D infrastructure, as well as the cost of all ongoing projects.

In the quarter, we recorded another \$45 million of pretax expense associated with the restructuring of our Western European operations. We continue to make progress in moving most of our Western European operations into what we call a distributor model, eliminating many of [end]-market SG&A costs in each of those markets.

We still expect total pretax Western European restructuring cost to be in the range of \$130 million to \$140 million, with the majority of those charges and the bulk of the restructuring to be completed by year-end 2011. So we will start to see the benefits of that reduced cost in early 2012.

For the avoidance of doubt in arriving at our adjusted cash net income per share for the third quarter, we add back the book amortization of intangibles, the write-off of deferred financing fees and the after-tax impact of the restructuring reserve. With diluted shares of 255 million in the quarter, our adjusted cash net income per share in the quarter was \$0.89.

On to liquidity -- we generated cash flow from operations totaling roughly \$250 million in the quarter and elected to make an optional prepayment on our senior secured debt of \$150 million in addition to the scheduled \$32 million payment. We ended the quarter with \$316 million of cash on hand.

Our net debt -- excuse me -- on a net debt basis our leverage declined to roughly 2.4 times trailing 12 months adjusted EBITDA.

We ended the quarter with \$3.9 billion of gross debt, comprised of \$2.6 billion of the term debt under our senior secured credit facilities and \$1.25 billion face amount of 7.75% senior unsecured notes.

Turning to our guidance, we are raising our guidance for the full-year cash tax rate to 11% to 12% of adjusted EBTA, and we raised that from the range of 10% to 11%. And I want to point out that that is mainly due to the impact of expenses associated



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with the Western European restructuring, as well as some changes in the jurisdictional mix of our pretax income, and an anticipated increase in some certain non-deductible expenses.

Additionally, due to the timing of projects, we now expect a lower R&D range for 2011 of \$110 million to \$130 million, which is down from \$120 million to \$140 million. We do not expect these updates to change our full-year -- excuse me. We do not expect these updates to change our full-year revenue or adjusted CNI guidance, which we are reiterating as in the range of \$2.7 billion to \$2.8 billion for revenue, and \$3.70 to \$3.80 per share for adjusted cash net income.

We tried to keep this very short to ensure that we have plenty of time for all of your questions. We would ask that you limit your initial question to one question and we will get back to you for a follow-up.

With that we'll open up the line for Q&A. Allie, could you open the line please?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions). Randall Stanicky, Canaccord Genuity.

Randall Stanicky - Canaccord Genuity - Analyst

Great, thanks, guys, very much, for the question.

Paul, there's been a lot of debate out there around the timing of you guys possibly doing an asset deal, but also the size. Can you maybe just give us some color maybe around the deal landscape; what you're seeing, how we should think about timing, and then how big a deal you could do? Thanks.

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Sure, thanks, Randall. As everyone knows -- and I think we get this question at essentially every investor meeting and every time we go to a conference -- but it is a good question.

Certainly, business development opportunities are very important to us. As you would expect, we get it. We understand business development transactions create value and it creates it in a stair-step function. It would be, to the extent that we find a transaction that fits our criteria, we would be very interested in closing that up. And I think you would be as well.

The environment for business development transactions continues to be -- I don't want to call it favorable but it's like as it always is. There are opportunities out there. We pursue them. And to the extent that we can get a seller to engage, we would expect to at least have the opportunity to try to close up on a deal, but it's, as you know or we all know, it's impossible to predict the timing and the probability of a deal.

I would just say that if you give me the longest -- a long, long period of time, I'd say yes, we will do a deal at some point here in the future. The difficulty is in predicting what, when and the exact nature of the deal.

With respect to our ability -- and I think Roger referenced this a little bit in his remarks about our free cash flow and our continuing reduction of debt to improve our debt capacity -- right now, the credit markets are pretty good. As anybody who's on the line who participates in the credit markets, you know, the swing back and forth where things tighten up and then things loosen up.



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I think the good news for our company is that we maintain, even in periods where it's a little bit tight, we feel like we maintain access to that capital. It's that the pricing certainly goes from what might be attractive to less attractive, but still attractive relative to the cost of equity capital.

In terms of our ability to lever up, again that is a -- in the size of a deal that we could do utilizing debt capital, that is a function of how the markets are at that moment in time. But I think it is a fair assumption that we have at least one, perhaps as many as 2 turns of EBITDA capacity within our company now. And if we were to make an acquisition of a company or a set of assets that came with it a stream of operating profit, we would be able to lever that piece up as well.

Without getting real specific, I'd say that we are able or would be able, we believe, to conclude a transaction using debt capital success of several billion dollars or more. I hope that answers.

Randall Stanicky - *Canaccord Genuity - Analyst*

Great. Yes. No, that's certainly helpful. Thanks, Paul.

Operator

John Boris, Citi.

John Boris - *Citigroup - Analyst*

Thanks for taking the questions, guys. Just a brief point of clarification on Asacol HC. Can you just give some clarity? I think Roxane is no longer pursuing the marketing application and trial update there. And then can you call out for us what the HC revenues were in the quarter? Thanks.

Paul Herendeen - *Warner Chilcott plc - EVP and CFO*

John, I think you're talking about the 400 mg.

John Boris - *Citigroup - Analyst*

Correct.

Paul Herendeen - *Warner Chilcott plc - EVP and CFO*

And as Roger said in his remarks, I mean, Roxane has basically withdrawn and is not pursuing an approval for a generic to the 400. We don't want to speculate on exactly the what and the why, but we do know this, and I'll say it again when we wrap it up. We know it's good. It's good for us.

In terms of the revenue split as between HD and in the 400, we continue to drive increases in HD as a percentage of the overall franchise, but I think as Roger correctly characterized it, this is all good news, where we continue to have little bits of good news around that franchise.

I'll point out too that the aggregate ASACOL franchise -- I referenced it in my remarks -- you look at it year over year. Year over year, quarter to quarter, it's plus 5%. Year to date this year versus last year, it is plus 5%. And we're talking about a franchise that is in the neighborhood of a \$750 million run rate asset. We like ASACOL. We like it a lot.



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Operator

Louise Chen, Collins Stewart.

Louise Chen - Collins Stewart - Analyst

Thanks for taking my question. My question is, do you think you currently have the right assets in place to grow the top line in 2012? Or do you think you need to expand your pipeline or product offering in order to do that? Thanks.

Roger Boissonneault - Warner Chilcott plc - President and CEO

Well, it's probably -- I mean when you look at that, as Paul has mentioned, we're seeing decline in ACTONEL, and we knew that was going to be a decline because basically we have moved on in Europe, and that was the driver of revenue. The issue is how fast can we grow some of the other brands.

I do think there's a lot of growth associated with the LO LOESTRIN. The landscape continues to change. The FDA has announcements about the new progestins. And perhaps the safer course is -- some of the older progestins have been in the marketplace, and of course we feature that with LO LOESTRIN. And the fact that we've lowered the estrogen content to 10 micrograms.

And again if you look at OC labeling, that's where the black box is about the estrogen content. So we have a 10 microgram product in the marketplace is as efficacious as any other product containing higher doses of estrogen. So you know that's going to be a focus of our growth.

As Paul says we're growing off the base of ASACOL, which is a relatively high base, and I think there is growth there. And there certainly has been a lot of growth opportunity in ESTRACE Cream.

So, my answer to you is, yes, we continue to grow this franchise despite the fact that -- and the revenue that I think we are displacing in Europe are lower margin revenues than what they would be in the US. So our business mix is certainly going to improve.

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Louise, it's Paul. I want to jump in here as well because I think your question opened up the opportunity to think about our assets as being comprised of two buckets. One is our product assets, and the second is our sales forces. And we view the sales force as an asset that helps us to drive the revenue and market share of our promoted brands.

Right now, you know sitting with the portfolio we have, we think, as a ticked off the products that are key promoted brands that are doing pretty well, and I didn't mention all of our brands, but we are promoting those brands. And we think we're doing a pretty good job of it here in 2011.

As you look forward to 2012, we always ask ourselves the question of do we have -- is our sales force the right size? Is it too big? Is it too small? And based on our prospects as we look forward, we continue to tweak that.

So if your question was also centered around how do we view the size of our field sales forces, we continue to tweak that based on our belief or excuse me our estimates of what we would expect to get in terms of return on investment as we put that behind our promoted brand, so just make that point.



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Operator

Chris Schott, JPMorgan.

Chris Schott - JPMorgan Chase & Co. - Analyst

Great, thanks very much. Just had one question, just following up on an earlier comment on capital deployment. With your stock below \$20, how does share repo fit in the capital deployment picture at this point?

And if I could just slip in a second question, ATELVIA, I appreciate the comments on the formulary access improving. Do you think it's possible to meaningfully ramp ATELVIA given the broader controversies around kind of the role and duration of use for bisphosphonates at this point? Or do we need to see that category start to stabilize a bit more before you can really get traction with ATELVIA? Thank you.

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Thanks, Chris. It's Paul. I'll take the share repo question. Certainly, when we see our shares trading where they are today -- and investment in our shares we believe is a very attractive investment opportunity -- what we have been saying is -- much since the beginning of this year was that we had some things internally that we needed to do in order to be in a position to be able to go forward with some sort of a program. And as we get deeper into the year, I think that it's something we consider. Certainly something we consider.

Any of us can do the math, and when we're looking at the margin at paying off term debt that has a cash interest cost in the low to mid 4's, versus a stock that trades at a very high cash yield based on this year's 2011 estimate of cash net income, that is something that we are focused on. And just bear with us.

Roger Boissonneault - Warner Chilcott plc - President and CEO

Chris, as far as bisphosphonates, it's kind of interesting if you listen to the FDA advisory committee meeting. And the overall arching theme here was the fact that we've seen with the use of bisphosphonates a lower fracture risk in the elderly. And in fact the fracture risk has gone down over a period time. We would expect it to go up. So we know that there's a benefit.

And when you talk to the KOLs in this particular area, they are actually befuddled, they are confused why they actually use of bisphosphonates as declining. And when are we going to come to the realization that we're going to see a resulting increase in fracture in the elderly population?

So with that backdrop, yes, it is kind of confusing why the market is contracting as it is. As I said, it is even contracting on the generic side. It's not that the generic piece of this market is growing. So the issue is when does this ameliorate?

We saw the same thing happen with hormone replacement. And actually if you've been around as long as I have, we actually saw it with OCs and that market has obviously come back. So I think you've got the market factor.

The other question you ask is about ATELVIA and can we sustain a ramp in ATELVIA? And I will tell you that it's not because the market is growing, but we're seeing switches to ATELVIA. So ATELVIA knew the brand business is really coming from the generic component of people who have obviously -- where physicians believe there's an advantage to ATELVIA ending compliance.

So our selling point with ATELVIA is that -- to be realistic, there's a lower incidence of GI side effect because the patient takes it with food and the patient has -- is far more compliant. So it's not dependent on growing the market. It's more dependent on



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switches, in other words patients who are currently out there on other brands of bisphosphonates that would be switched to ATELVIA because if they are far more compliant and they don't get the side effect of GI upset.

Paul Herendeen - Warner Chilcott plc - EVP and CFO

I'm going to jump in as well because I think that one of the things that Roger touches on here, both ACTONEL and ATELVIA have certainly participated in that market. And to the extent that that market is continuing to contract, that is a factor. What's interesting is that through the panel they are recommending a duration of therapy in the three- to five-year range, and further went on to state that they felt like the vast majority of patients -- the duration of therapy is currently around three years. I mean that -- I mean I'm not forecasting here but it gives you some hope that the amount of contraction we have seen can start to slow. And the asset that that would have the greatest impact on within our portfolio would be ACTONEL, you know ACTONEL 35 and ACTONEL 150.

Those are assets that are -- I think in the US, ACTONEL in the quarter was \$83 million or \$84 million -- call it \$85 million-ish. If you have that and you have the units running away at 20% and you're maintaining share, broadly maintaining share, if that unit stopped running away from you in that fashion, then that would be helpful to us. But as I said in my remarks, there's not a lot we can do about stopping the contraction of that overall market. But when it slows and hopefully flattens, we would be the beneficiaries.

Operator

David Risinger, Morgan Stanley.

David Risinger - Morgan Stanley - Analyst

Thanks very much. A couple of questions -- first, your pipeline is obviously largely undisclosed and relatively opaque, but just hoping you could update us on the erectile dysfunction drug and any other pipeline opportunities that you can share with us.

And then second, I was hoping you could just frame for us the DORYX litigation outlook with Mylan, just what to watch next.

And finally, Paul, if you could just talk about the tax rate outlook beyond 2011. Thanks very much.

Roger Boissonneault - Warner Chilcott plc - President and CEO

I like that, David. You know we have an opaque pipeline. I like the way you characterize that. Specifically on UDENAFIL -- I guess you asked specifically about UDENAFIL -- and we are finishing up some of the Phase 3 clinicals. We do have a meeting with FDA to find out if the -- as to completeness of those clinicals and are they adequate to support the NDA. And we look forward to resolving that in the fourth quarter. And that will dictate, obviously, timing of the potential submission.

As far as the pipeline in general, I think you do know that we have been working on the next generation of tetracycline. We're probably clearer on that than perhaps some of the other projects. But the idea there is to develop the next-generation tetracycline that is a product that perhaps has similar efficacy to Accutane but the safety profile of a tetracycline. And that is going forward.

And obviously a lot of that is based on the chronic tox and how we can dose range this product. And we intend to go into Phase 2 clinical trials next year.

Once we get through Phase 2 clinical trials and we get through our dose ranging, I think we can be clear about exactly where this product is going to go and what the clinic is going to look like and perhaps when we are going to generate the NDA.



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But I can reassure you that we have a full pipeline effort in the area of contraception; in the area of hormone development. We consider that a core competency.

We generally don't reveal which direction that we are going but you can be -- you can be reassured that we have new products in the pipeline and we're doing clinical trials this year. We have one in the clinic and next year.

In the area of IBD, we are looking forward -- in fact we have a medicinal chemistry group. In the area of anti-infectives where you're not only limited to tetracyclines, but we are also looking at quinolones. So if you go across the horizon, basically, we've developed a portfolio of products that we are developing. And I guess we're not strictly focusing at the end of product lifecycles.

As far as the DORYX litigation, I can update you in the effect that -- we do have an appeal hearing that I believe will occur at the end of November, perhaps beginning of December. And we look forward to a trial perhaps in the January, February time frame.

And as far as tax, I will let you talk to the guru of tax here.

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Yes. Just to buttress on one thing. The appeal that's on the PI, and that is the end of November. And as Roger said, we are looking forward to the trial.

You'd asked the question about the tax rate, as we did increase by 100 basis points the guidance range for our cash tax rate for 2011. I think what I would suggest to everybody is that in the absence of us providing you specific guidance for 2012 and beyond, a reasonable starting place for you is to continue to use our now current guidance for 2011.

Now here comes the color around that. I did call out specifically in my remarks about why we increased the guidance range on the cash tax rate, the fact that we had a fair amount of impact from restructuring costs, which were incurred in connection with the Western European restructuring that we're going through.

That would suggest a linkage between restructuring costs and an increased tax rate. And it would also suggest that to the extent that we get the majority of our restructuring behind us in 2011 that it could help out -- could -- emphasis could -- help us in 2012 and beyond with respect to that cash tax rate.

I'll give you one more bit of color on this. We have always said our cash tax rate or our tax rate in general can creep. Cash -- or excuse me -- the tax rates as we were fortunate enough to get our first APA and have everything working for us. I mention that the next time you go through the process the expectation is that the rate doesn't go down; it goes up and it creeps. The good news is it creeps. It is not a stair step. It is a movement upward.

Our tax rate continues to be something that is I think of a real benefit to our shareholders and something that we work very hard to protect and it just changed a little bit here for us in 2011. I hope that helps.

Operator

Gary Nachman, Susquehanna Financial.

Gary Nachman - Susquehanna Financial Group - Analyst

Hi, good morning. The OCs came in very strong in the quarter. Paul, is there any inventory build for LO LO? That number seemed a little high.



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And Roger, have you actually done anything differently yet to try and take advantage of the issues with Drospirenone containing OCs from a commercial standpoint? Just a little bit more on expectations going into the panel. Thanks.

Paul Herendeen - Warner Chilcott plc - EVP and CFO

I'll take the inventory one. Yes, it was a good quarter in the OCs. What we had actually with LO LO, as you would expect when you have a product that is growing, there is a natural pipeline expansion that is associated with that. So the LO LO pipeline did expand, but appropriately given its growth trajectory.

I want to point out that on the other side of the equation, we think of LOESTRIN 24 and LO LO together as a franchise. LOESTRIN 24 pipeline inventory has actually contracted in a reasonable way in Q3 so that net net, our OCs in total, and that is the total OCs, actually contracted during the quarter. So if you are thinking about how do I view Q3 2011 when I add net sales of my OCs \$130 million, how do you think about that? You think about that as, if anything there might be a little upside to that as compared with gee, that was a big expansion and it's not sustainable. But the OCs are going quite well. Roger?

Roger Boissonneault - Warner Chilcott plc - President and CEO

Actually, that was a good question, Gary, and actually I will turn it around a little bit, in that your question is, are we targeting Drospirenone containing oral contraceptives. And really the issue is that category of contraceptives is declining and it certainly isn't -- and market leader. So I think we probably have done perhaps too good a job of maybe targeting those and providing the alternatives.

The interesting thing, if you look at -- knew the brand in the marketplace Ortho still controls 25% of new to brand, and actually those are primarily higher dose OCs. So we see that as the opportunity and the fact that Ortho is not promoting their products.

So, the Drospirenone-containing products, and I would say -- I think it's even a broader classification because the FDA just came out and included not only Drospirenone-containing OCs, but they included in that group the progestin NuvaRing and also the progestin that is contained in the Evra patch.

Obviously, so they're actually -- there might have been a retrenching in the marketplace to go to older, more trusted brands. So our focus remains on the estrogen component. And as you are aware, when it was only 10 micrograms of estrogen and similar efficacy, there's a lot of products out there that are fair game for us.

So we have seen not only the opportunity in the publicity around new progestins, but also the use of older higher-containing products, which I think is the real opportunity.

Gary Nachman - Susquehanna Financial Group - Analyst

Okay. And just a little bit more color going into the panel, what your expectation is in terms of how they are going to structure it and maybe, I don't know, some of the key takeaways that could benefit you guys?

Roger Boissonneault - Warner Chilcott plc - President and CEO

Well I don't know, Gary, it's always difficult to speculate on how the FDA panel is going to -- I mean if you look at the labeling right now, it contains a black box and the black box talks about the estrogenic component of the pill and nothing about the progestin. So, I wouldn't want to speculate what they're going to come up with. Although I do think that as a result of the publicity associated with this and litigation perhaps that's associated with this, we see a declining use in those types of progestins.



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Gary Nachman - *Susquehanna Financial Group - Analyst*

Okay, thanks.

Operator

Gregg Gilbert, Bank of America.

Gregg Gilbert - *BofA Merrill Lynch - Analyst*

I will stick to my one here. Roger, a higher-level question, if we think about the departures of two longtime senior guys over the past year or so, can you give us some color on what the new team brings to the table? How does that senior team feel different now versus say a year or two ago? Obviously, you and Paul are still there; I appreciate that. But what are the new (multiple speakers)

Roger Boissonneault - *Warner Chilcott plc - President and CEO*

Sitting around me I still have some of the similar people here. Rochelle is taking a bow and Paul is here. And so some are constant.

And the issue is -- I think what you have to look at it is, we've become a much larger organization. And I do think what P&G brings to us or the P&G intellect is more of the process and the controls in the business. You know we went from a sales force of perhaps 200 reps to 900 reps. So we've gone into far more detail as far as we do have some European businesses. We have a Canadian operation.

But I think the organization and the management of the business at a much higher level because we are a much higher-level business certainly has benefited from the likes of Hans van Zoonen that we have taken actually the country manager from Canada. And he is taking the place of running all of North America and he has country-level experience. We also have the country manager from Australia that has come and is taking over a significant piece of the responsibility. But I think it all helps in the planning and the execution on a business front.

So we are very pleased with the addition of those personnel. We have some great guys that helped us along, both in business development and the sales side in building the organization. But quite frankly as we look forward, Gregg, it's no longer Warner Chilcott and it's no longer P&G. We are a different company.

Gregg Gilbert - *BofA Merrill Lynch - Analyst*

What about changes in BD -- more process oriented, less reliance on relationships? Or what's the flavor of change on bus-dev?

Roger Boissonneault - *Warner Chilcott plc - President and CEO*

I think we've had the benefit of Mike Halstead, who worked closely with Tony in a transition role. I mean Tony always had -- you know, in looking forward, his plan was to -- as he moved forward was to develop Michael, and he's done a great job. So I don't think we've lost a step there.

They obviously worked closely with Paul, but I do think with Michael in that role and with Paul in his role I don't think we have missed too much of a step.



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Operator

Marc Goodman, UBS.

Marc Goodman - UBS - Analyst

Roger, I assume that your expectations for revenues for the ACTONEL ATELVIA franchise are probably a little lower than they were a year ago with respect to how you're thinking about maybe next year or the year after, the year after.

Really the question is, what are you doing to kind of make this a very profitable franchise, and so what are you doing kind of on the expense side to keep the profits?

Roger Boissonneault - Warner Chilcott plc - President and CEO

Well, I mean, Mark, you know you're right. And the fact is you have to look at the expense side.

The other thing is -- I think the other thing you have to look at is we have the opportunity here -- is to focus where the growth is. And I have told you like before it's not linear. We have areas in which we've done very well with ATELVIA, and we need to focus on those areas -- on area of growth.

And really the growth has come from switching, not really new to brand. So I think as we move forward, we have to focus on what we have done right and perhaps not focus on areas in which we haven't executed as well. And that is all part of business management.

And it is quite a significant franchise, and we want to maintain that franchise obviously, because our strategic value is it doesn't end in 2013 or 2014 -- is how do we carry this franchise even further because I don't see any other therapies right now to prevent osteoporosis that are being developed. So, we do see strategic value through these assets and how do we focus?

It's kin to looking at it as though how do we turn this from a [GPSc] market into a specialty market? And through the use of target marketing, how do we identify the high prescribers of ATELVIA and bisphosphonates and act as though this were a specialty market so we are more efficient in our promotion.

Marc Goodman - UBS - Analyst

And so with that, does that mean less reps on the product and less advertising? Or obviously you're saying more focused, so I'm assuming less.

Roger Boissonneault - Warner Chilcott plc - President and CEO

Yes, what happens is you define your market around basically a specialty market. Now I don't want to get ahead of ourselves here and say like, okay, this is what we're going to do with sales reps, but it also has to do with the deployment of sales reps. It doesn't necessarily mean fewer sales reps. It means redeploying sales reps where they're more productive.

Operator

Michael Tong, Wells Fargo Securities.



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Michael Tong - Wells Fargo Securities, LLC - Analyst

Hi, good morning. Roger, maybe just thinking about business development, from what you have seen in the last 12 months, were there any transactions that you thought you would get to the finish line on, and yet one way or another it didn't pan out that way? And if there were, was it more price or was it more fit within the organization?

And then if I could just sneak a second one in with Roxane, a little picture. Is there any other remaining litigation on Asacol 400?

Roger Boissonneault - Warner Chilcott plc - President and CEO

All right, let me hit the first one as far as BD. You cleverly asked that question -- is there anything that we pursued that we missed. And I can tell you with confidence that I don't think we missed anything. That doesn't indict anybody else's deals but I don't think we have missed anything. And Paul can opine to that.

As far as the Roxane litigation, does that clear the way? I think the take away from that is they did use biologic end points here and they were doing clinical trials based on biologic end points versus kinetics.

So I think you know it sort of validates the approach by the FDA that if you're going to do -- if you are going to compare products you have to do end points that are based on pharmacokinetics rather than biologic end points or clinic -- if we talked about clinical end points -- if I talk to my bioavailability people or my kinetics group, they call those biologic also.

So I think the end points are fairly clear. And we're trying to get that clarified on the part of the FDA as far as for -- beyond -- when it's in doubt, if you're looking at ASACOL, you have to do pharmacokinetic endpoints.

And as far as -- we can go back on --?

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Yes on the BD, Michael, I mean I think Roger caught it. We did not -- there was not anything that was done out there that we fell like we missed.

The market environment continues to be one where we see things that we think are interesting. But by definition, here we are in November, we did not see something that we actually pulled the trigger on and moved forward with, but there is always opportunity out there.

Operator

Shibani Malhotra, RBC Capital.

Shibani Malhotra - RBC Capital Markets - Analyst

Thanks, guys, for taking my question. I guess my question is on Watson's filing on ATEL VIA. And I just wanted to get your view on the strength of the ATEL VIA patent. The reason I ask is, clearly, it was an obvious thing for companies to try to get rid of the [fastion] requirements. And my question is, if it was so straightforward and easy to do, why didn't a company like Merck do it given Fosamax was such a big brand for them? So based on that sort of background, can you just comment on the strength of the patent and how difficult it was to actually create the ATEL VIA formulation? Thank you.



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Roger Boissonneault - Warner Chilcott plc - President and CEO

Thanks, Shibani. We really don't comment on relative strengths of patents because you really don't know the strength of your patent until you actually get into the litigation and begin examining it and actually get a look at what they have done.

I do think that -- interesting that Watson came after ATELVIA. And I think we've -- obviously it looked kind of quick but if you look at the -- they must really have -- a fear ATELVIA is that we're going to transfer the business into Atelvia or that's going to be such a growing asset. So I guess we should take -- we should thank Watson for thinking so much of us.

But to be truthful with you, I -- this is going to take of course -- it's really early in the game. It's going to take a course. We believe in our patent. We believe we can sustain our patent, and we will see how things develop.

Shibani Malhotra - RBC Capital Markets - Analyst

Okay. Can I just ask follow-up since you didn't fully answer the question? Can you just talk about the switch from ACTONEL to Atelvia in particular into the 150 milligrams dose? And then based on that, your expectations for the BONIVA patent case since you shared the patent on the 150 milligrams dose. How are you thinking about that playing out, and what are the implications for your overall franchise for next year?

Roger Boissonneault - Warner Chilcott plc - President and CEO

I'll tell you that the -- we actually don't share the same patent. We both have separate patents for the monthly. We do share some of the similar intellectual-property, but the two patents are indeed distinct. Does one affect the other? We do think so.

There might be a relationship between if they're successful in their patent litigation, but we do have a separate patent for the 150 product.

That is about to be -- and we're only speculating on that. That clearly is in their court. They do have litigation coming up. I think it's a couple months that it's going to be heard.

I do think at the end of the day they still are protected by an NCE patent. We're watching that closely. And if indeed they are successful that we would believe that would be a good thing for us to have a monthly patent.

How it affects us going forward, do we shift business to the monthly product? Strategically, we would have to take a look at that.

But I will have to tell you that the sales that have been successful on ATELVIA has not been conversion of ACTONEL to ATELVIA. It's been conversion of Alendronate to Atelvia.

So basically looking forward, we see there might be the opportunity of maintaining both the ACTONEL and ATELVIA tie, because, one obviously is dosed on a monthly basis. And one, it can be dosed irregardless of with food. So we're watching it. We'll see what happens.

We do think that if Roche prevailed that could be positive for us, but then again we're not dependent upon that.

Operator

David Buck, Buckingham Research.



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David Buck - *Buckingham Research Group - Analyst*

Thanks for taking the question. First one is just a quick follow-up on the question before on revenue growth for 2012. I guess I didn't understand the answer, whether there was a yes or no to overall revenue growth.

And then for Paul on the gross margin for the quarter, was a little bit below our expectations but you maintained the same range for the full year. What happened in the quarter and why should it bounce back up? And can you also review any major changes to either pricing or gross to net for the major prophets. Thanks.

Roger Boissonneault - *Warner Chilcott plc - President and CEO*

David, that was an easy question. My piece of this thing -- and I'll pass it over to Paul because it has a lot of numbers associated with it -- is that all revenue is not created equal. So that was -- that's the message going forward because with some of the revenue that we're exchanging perhaps is revenue in Europe versus US-based revenue and the overall profitability. And certainly how gross to net affects the R number.

With that being said, I will pass it along to Paul.

Paul Herendeen - *Warner Chilcott plc - EVP and CFO*

Yes. I'm not sure who asked the question about revenue growth in 2012. All I would say is with respect to your thinking about 2012 and thinking about 2012 and beyond is, as I suggest, take the things out of the mix that you are darn sure are not going to grow -- ACTONEL outside the US; at least until something changes with respect to the bisphosphonate market, ACTONEL within the US.

And then you look at the balance of our key promoted brands and you ask yourself the question, can ATELVIA grow? Yes. Can our OCs grow? Yes. Can ASACOL grow? Yes. Is there opportunity to grow ENABLEX and DORYX? Yes.

And so it really -- the piece that -- as I say we can't control is the drop of that ACTONEL revenue, which is just a legacy of what we bought. We have bought the Procter & Gamble Pharma business. But I think they -- I look at our core promoted brands and I feel comfortable saying we will grow them in '12 [V] '11 but we're not at this moment in time making a statement with respect to 2012 revenue expectations.

On your question on the gross margin percentage -- as you may know it bounces around. If you happen to have a batch go bad in a quarter it can affect your cost of goods sold recognized in a quarter. We maintained our guidance because that's what we think it will be for the full year but it does bounce around. There are multiple expenses that kind of bounce around on a quarterly basis. And gross margin percentage or cost of goods sold is one of them. The other one that is a bouncer is income tax.

David Buck - *Buckingham Research Group - Analyst*

And just then on the gross to net and pricing, any major changes there?

Paul Herendeen - *Warner Chilcott plc - EVP and CFO*

We're not going to go through gross to net and pricing. We did take some price increases. I don't have my sheet sitting directly in front of me, but that is all available.



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Operator

Greg Waterman, Goldman Sachs.

Greg Waterman - *Goldman Sachs - Analyst*

Thanks for taking the question. A follow-up on the ex-US restructuring process. If you could just give us a little bit more color in terms of how far you are along in the process, and specifically where current spending levels are relative to what could be considered more of a run rate and how we should think about timing there?

And then quickly on DORYX, I believe there's been some continued tweaking of the co-pay assistance program. Just curious if you think you've found the right balance there and whether the realized price we're seeing now is a reasonable run rate going forward?

Paul Herendeen - *Warner Chilcott plc - EVP and CFO*

Yes, with respect to the ex-US restructuring, as I said in our remarks, we are hoping that we can have the vast majority of the restructuring part of it, meaning the severance and the agreements to wrap it up, within this calendar year, so 2011, so that we would start 2012 with a relatively clean slate, meaning you would've moved to a distributor model in Western Europe, which by definition means all the costs or the vast majority of the costs out of each one of those markets.

We're not there yet. We are still in the process of restructuring. And so we are not 100% down in expenses in Western Europe, but they are trending in the right direction because that's what we're intending to do is move to that distributor-type model.

Roger Boissonneault - *Warner Chilcott plc - President and CEO*

Okay, on the DORYX, we actually have two cards. So we've gone from I guess the original card we have and now we have a second card that can be used, depending on the physician and the needs of the physician.

And also laid on top of that, we have lunch of dual-score. So what you're seeing is a lot more new patients starts. And when you see new patient starts, you see it more skewed to the expanded use of that card.

Which I will -- we throw into Paul's court and that ends up with this gross to net calculation. And if you do see because of expanded use of the card a decline in the average selling price, then you have to compensate on inventory moving forward. So that just makes Paul's job that much more easier. So that's why we do -- direct you away from gross to net.

But I think the thing what you want to focus on with DORYX is the significant increase in new RXs which transfers into total RXs and increases the whole business. Right now you're getting a SKU with the use of the card because you are seeing so much of the new RXs being used with the introduction -- of the new prescription cards being used with the introduction of the dual-score product.

Paul Herendeen - *Warner Chilcott plc - EVP and CFO*

Greg, it's Paul. Just for the avoidance of doubt here, I mean yes, we changed the terms of the card. We continue to look at the means by which we give ourselves the best opportunity to grow overall net sales dollars. That's what we're focused on, is net sales dollars.



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By tweaking the card, we give ourselves a better opportunity to increase our RX pull through or our RX demand. But it certainly comes at a price. And you see -- you would see in our quarter, Q3 of this year, that definitely gross to net decline with respect to DORYX. And with those cards in place, you'd expect it to be lower.

But the flip side is we have had a good RX trajectory with the brand. We're trying to find that right spot where give ourselves the opportunity to increase net sales dollars. That's how we get paid.

Greg Waterman - *Goldman Sachs - Analyst*

That's helpful. Thank you.

Operator

Tim Chiang, CRT Capital.

Tim Chiang - *CRT Capital Group - Analyst*

Hi, thanks. Roger and Paul, I had a question. You know you talked about the restructuring costs and the restructuring that you're doing now and going into the distribution model in Europe. Is there a ball-park number as to where -- a target cost savings number that you're trying to reach heading into next year that you could tell us?

Paul Herendeen - *Warner Chilcott plc - EVP and CFO*

Well I mean I think you can -- I'll give you a couple of rules of thumb that you might be able to use to back into it. We always say that if you look at our configured territories in the US and you look at that times a number of say a couple hundred thousand dollars per, you come up with a number that that is approximately what we're spending in the US. And then you'd subtract that from what you see in selling expense, excluding co-pro to sanofi, etc., and you will be able to see a number that, gee, that was their selling expense in Western Europe or o-US.

Not all of that is going to go away. We maintain a selling presence in Canada. We maintain a selling presence in the United Kingdom. But the other markets, we're going to a flat distributor model, where that means the costs there are nil.

And so we're not -- we didn't guide to specifically what we expect to save, but I think we did say when we announced the restructuring we did this because we felt like it would give us the best pretax cash flow from the streams of revenue that we expected in those Western European countries. And I think I even said the IRR on the investment, if you will, in restructuring costs was strongly positive. So we expect to significantly reduce our cost o-US on the selling line; a little bit on the G&A, but that's very modest. And we should expect to start seeing that evidenced in a clean way, perhaps not Q1 of 2012, but certainly in the first half of 2012.

Tim Chiang - *CRT Capital Group - Analyst*

Okay. Thanks, Paul. And just one quick follow-up, I think you mentioned earlier that you did prepay some of your bank debt down I think, what, around \$150 million. Is that something that you plan on continuing to do every quarter, just to reduce your debt here?



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Paul Herendeen - Warner Chilcott plc - EVP and CFO

Yes. It's a decision that we make on an ongoing basis based on how we expect or wish to deploy capital at any moment in time. So far this year, we -- as I think Roger even referenced in his opening remarks, we've pretty aggressively looked to repay debt.

That doesn't mean we will definitely continue that in Q4, but in the absence of us saying anything different, it's a reasonable assumption. It's also a reasonable assumption that we would continue to add in 2012 in the absence of some other place to put that money.

Operator

Elliot Wilbur, Needham & Company.

Elliot Wilbur - Needham & Company - Analyst

Thanks, good morning. Just wanted to go back to some of your earlier comments around the DORYX franchise. It doesn't really sound like there's been any real change in the overall economic value proposition to you guys in terms of the loyalty cards and the like. But just looking at the prescription trends in the last couple of weeks, I mean there's been a pretty dramatic rebound there sort of outside of what you would expect from just kind of normal seasonality.

So I'm wondering what may account for that? Has there been any change in sales force detailing level or positioning that might account for that?

And then as a follow-up question that in looking at the LOESTRIN franchise, obviously, you guys have put up very strong numbers in terms of overall sales growth. But in terms of aggregate RX generation from that franchise, the numbers kind of peaked back in December 2010. I'm just wondering what your data is telling you about sort of the source of RXs for LO LO, and how much cannibalization you're seeing relative to the overall franchise?

And Roger, I think we'll use the term stealth to describe your pipeline rather than opaque. Thanks.

Roger Boissonneault - Warner Chilcott plc - President and CEO

Thanks, Elliot. That's another good word. I think as far as the DORYX, maybe -- I mean maybe you're underestimating the value of dual-score. And I do think that that is why we have had this incentive in growth because I mean acne is a disease state characterized by inflammation. And what happens is, patients will improve and then they'll sort of regress. And what will happen and what you have to do is constantly adjust the dose.

And one of the strategies of going after this is having five or six different doses. And I think the FDA is on record as supporting the idea that if you can have multiple doses associated with your medication as characterized by putting a score on it, so you create the flexibility on a patient's part to adjust the dose of the medication to the disease state. And I think this is -- it has really simplified, I think for patient and for clinician, the fact that I can now write DORYX 150 milligram, and I have flexibility in how I dose the product.

The FDA certainly was very interested in the labeling that we put on this so it would be clearer to patients. And they fully endorse this, rather than coming out with a bunch of different strength products, which I think is both confusing to the patient and perhaps difficult for the clinician to titrate dose, due to the fact that acne is associated with flares.

On the LOESTRIN side, I would point you to the fact that if you look at franchise value and you look at share of franchise value, it has been growing most recently. We have seen the growth of the 10 microgram product or LO LO; sometimes it's a little bit



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confusing with the names -- that LO LO's growth has overwhelmed any regression that we've seen in 24's. So we're seeing the whole franchise at this moment grow in RXs. And that's what IMS is telling us and that's what we are basically seeing also at the sales force level.

And I will take your advice as far as stealth R&D being a --

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Yes, and Elliot, it's Paul. I just want to point out because you asked the question about DORYX and the recent trends, so just to reiterate that for everybody, we did make changes back at the beginning of the summer in the terms of those cards. And that is helping us to improve our RX trajectory. And the cost of that is certainly being evidenced through gross to net.

But our goal, again, to -- just to restate it -- our goal there is to maximize net sales dollars with respect to the DORYX franchise. And I'd also like to thank you for not using the word despicable when talking about DORYX.

The other point that you brought up was on Loestrin. And thinking about gee, if it -- was it really strong in December of '10? I want to point out something else as well.

Through the end of 2010, we did indeed have cards in place that we used to help us drive RX share. And I think many of you may recall, we changed the terms of those cards at the beginning of the year because we said what we were getting from the redemptions against those cards were prescriptions that were not necessarily the most profitable at the margin. So when we changed the terms of those cards, we did lose -- it's kind of like we lost some traction on the RX side; that was the bad news.

The good news was, our gross to net went up significantly with respect to LOESTRIN 24. And so you kind of rebased it from a unit perspective beginning of the year. And then, as Roger says, in the aggregate with we're doing quite well with our OCs. We are doing well.

Operator

Jim Molloy, ThinkEquity.

Jim Molloy - ThinkEquity LLC - Analyst

Hey, guys. Thanks for taking my question. I'll make it quick. Just could you give me your thoughts on -- you're down from \$4.9 billion. Your peak is that third-quarter 2010, down around \$3.7 billion, \$3.9 billion -- now \$3.7 billion range now. Can you talk about your preferences between buying back shares or repaying debt, which you think is a better use of capital at these levels?

Paul Herendeen - Warner Chilcott plc - EVP and CFO

Yes, Jim, it's Paul. I'll take that one. I mean to the extent that we have the capacity to do it, as I said, when you have the opportunity to prepay debt in the low to mid 4%'s, 4% range on a cash interest basis, versus acquiring our shares at the prices where we currently trade, I think that there would be an interest in acquiring -- in the company acquiring shares.

Through the end of Q3, we continued to prepay debt. I'll state again what we've been talking about since the beginning of the year. In the wake of the \$8.50 a share special dividend a little more than a year ago, we did need to reprime the pump. When the pump is reprimed, then we'll have other opportunities.



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Operator

Chris Holterhoff, Oppenheimer.

Chris Holterhoff - *Oppenheimer & Co. - Analyst*

Thanks. You talked about the reimbursement environment improving for ATELVIA. Just wondering what you're hearing from your reps about any reluctance doctors might have to switch patients from ACTONEL or from other bisphosphates to ATELVIA?

Roger Boissonneault - *Warner Chilcott plc - President and CEO*

Well, Chris, as I said, the strategy is not to switch the ACTONEL to ATELVIA, but to the benefit of risedronate versus alendronate and the fact that the dosing advantages of ATELVIA.

And sometimes you know, clinicians, you know, it takes a bit of convincing I think but once you've convinced them and certainly in the payor environment that we're in, sometimes it requires them to pursue what we call a prior authorization. But once that is done and they're on ATELVIA, we see that the patients are obviously happy with the use of ATELVIA and the fact that they can take it with foods.

And I think the hidden side effect in this whole thing is there's a whole lot less GI upset when you can take this medication with food versus without. So the benefits of ATELVIA, once we can get the patients switched from the alendronate, the current form of it, to ATELVIA, it proves itself.

Sometimes that hurdle is obviously a little bit difficult because the issue here is the physician has to take some time with the patient and explain that they're being taken from one medication to another medication and explain the benefits so the physician really has to be motivated to make that conversion. But once the conversion is made, generally both are happy, both the clinician and the patient.

Operator

With no further questions at this time, I would like to turn the conference back over to Mr. Paul Herendeen for closing remarks.

Paul Herendeen - *Warner Chilcott plc - EVP and CFO*

Yes, thank you. And thanks, everybody, for joining our call this morning. We hope that it was useful.

In closing, and I'm going to repeat a few things, but let me say that we continue to do the things that we believe will drive increased shareholder value. First and foremost, we drive share and revenue growth with our key brands.

Net sales within the LOESTRIN franchise were up 50% from a year ago. I'll repeat that, up 50% from a year-ago quarter, and 45% year-to-date when compared to last year. That's pretty good. And we continue to have room for growth as we go forward.

Net sales of ASACOL, up 5% in the quarter, 5% year to date. Again, pretty good global franchise \$750 million-ish and that's going pretty well.

ESTRACE Cream, up 18% in the quarter and up 16% year to date as we continue to build our presence in urology. All these things are good, right?



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And on other fronts since we last spoke, we were pleased that we were able to launch that improved version of DORYX that Roger just talked about. And we made progress in our continuing defense of the patent protecting DORYX.

On the ASACOL front, we got the news that Roxane is no longer pursuing approval for a generic version of ASACOL 400, and that is a good thing.

On the ATELVIA and ACTONEL fronts, the bisphosphonate panel is behind us. And while we don't know the final-final outcome, we had some positive takeaways from that meeting.

We generated \$250 million of cash flow from operations in the quarter. And we used that cash flow in part to prepay another \$182 million of our debt. And I think of that as a transference of enterprise value from our debt holders to our shareholders.

Over the last quarter, I have seen a great many of you at various conferences and investor meetings. And a lot of people continue to want to view us through an ACTONEL-coated lens. If you do that, I think you'll miss the good things that we have going on and the value that we are creating within our core franchises. So thank you for joining our call and until the next time.

Operator

Ladies and gentlemen, this does conclude today's conference. You may all disconnect and have a wonderful day.

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